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SPECIAL ASSISTANT TO THE SECRETARY OF STATE WASHINGTON



State Dept. review completed

JUL 31 1951

MEMORANDUM FOR GENERAL SMITH

Subject: SE-9: Probable Developments in the Far East Following a Failure in the Cease-Fire Negotiations in Korea

In response to the urgent request from the National Estimates Board, we are prepared to concur in general with the draft estimate for purposes of your consultation with the National Security Council. We request, however, that this be considered a preliminary or tentative version which will be reviewed formally by the IAC after your NSC discussion.

We have two substantive questions on the estimate:

a. In paragraph 5 we would like to introduce the following between the first and second sentences:

"It is estimated, however, that, if Soviet military assistance were not employed in sufficient strength to add decisively to Chinese Communist capabilities, Moscow and the dominant Stalinist group of the CCP might face a serious task in seeking to continue the war in Korea in view of the internal economic and political strain which the Korean military venture has already brought for the Peiping regime. If successful in insuring Peiping's will and ability to continue operations, the Kremlin may estimate"

We believe also that this should be developed later in the estimate.

b. In paragraph 9 we would like to replace the words "preclude any" in the next-to-the-last line with "reduce the prospect of." We consider the sentence as now written to be inconsistent with the conclusions reached in paragraph 16 (c), which latter, though ambiguous, we interpret to mean that the Chinese probably could carry on an Indochina campaign while committed in Korea.

Review of this document by CIA has determined that

In further

OTA has no objection to declass
to contains information of CIA
interest that must remain
classified at TS S G

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In further IAC discussions we would not be prepared to accept the four changes recommended by the Air Force in the first three pages.

Finally, we believe that the estimate would gain by having conclusions.

Fisher Howe Acting.